

January 13, 2020

**Los Angeles County
Board of Supervisors**

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TO: Supervisor Kathryn Barger, Chair
Supervisor Hilda L. Solis
Supervisor Mark Ridley-Thomas
Supervisor Sheila Kuehl
Supervisor Janice Hahn

FROM: Christina R. Ghaly, M.D.
Director



**SUBJECT: DEPARTMENT OF HEALTH SERVICES' (DHS)
FISCAL OUTLOOK**

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*To ensure access to high-quality,
patient-centered, cost-effective
health care to Los Angeles County
residents through direct services at
DHS facilities and through
collaboration with community and
university partners.*

This is to provide an update to DHS' fiscal forecast for Fiscal Years (FY) 2019-20 through 2021-22 (Attachment I), and an update to the previously reported projected closing for FY 2018-19. We have revised our standard Attachment I which details expenses, revenues, and operating subsidies, by removing the summary information on fund balance and transferring the fund balance information to Attachments II-A and II-B. These additional attachments provide more comprehensive and detailed information on fund balance to better explain how it is used to support the Department's operations.

The projections for FY 2019-20 forward may be significantly impacted by a proposed rule issued on November 12, 2019 by the Centers for Medicare and Medicaid Services (CMS). The CMS proposed rule purports to "clarify" existing regulations pertaining to Medicaid fee-for-service payments, supplemental payments, disproportionate share hospital (DSH) payments, and health care-related taxes and provider-related donations. The federal rules process pertaining to regulatory changes can be protracted and multiple revisions to the proposed rule can also occur. Therefore, it may be a considerable amount of time before we know exactly what the final rules will require and the specific impact on the Department's budget.

However, if implemented as currently written, the Department will lose significant Medi-Cal revenue with the impact on our budget profoundly negative. In anticipation of the material adverse impact the proposed Medicaid rule will have on our budget, we have started discussions with the Chief Executive Office (CEO) to develop various scenarios and possible actions the Department may need to take to balance its budget. We are monitoring developments closely and will keep the Board well informed.



FY 2018-19

Since our last fiscal outlook report on April 23, 2019, DHS is reporting a reduction in its ending fund balance for FY 2018-19. The reduction is necessary to ensure DHS' compliance with County policies that require fund balance to be obligated for accounts receivable that are not collectible within one year.

Because of the complexities involved in drawing down Enhanced Payment Program (EPP) and Quality Incentive Program (QIP) funds, DHS has determined that funds from these programs will not be received by the June 30, 2020 one-year deadline. Therefore, in order to close the books for FY 2018-19, DHS designated a portion of its fund balance for a long-term receivable (LTR) for EPP and QIP in the amount of \$492.1 million.

Also, because of delays in obtaining CMS approval of some of the Department's key revenue programs, DHS' cash flow has been negatively impacted. This has directly resulted in an increase in the Department's level of borrowing from the County General Fund: from FY 2017-18 to FY 2018-19, DHS' borrowing increased from \$108.8 million to \$538.6 million.

FYs 2019-20 through 2021-22

There have been indications over the last year that CMS is less inclined to approve broad 1115 Waivers than in years past. Recognizing this, the California Department of Health Care Services (DHCS) is developing a multi-year plan to revise the Medi-Cal program which deemphasizes the use of a 1115 Waiver structure to accomplish overall plans of achieving better integrated care and reducing expenditures in the Medi-Cal program. The plan being developed would take effect after the December 31, 2020 expiration of the current 1115 Waiver.

Beginning in January 2021, the DHCS plan is to consolidate various Medi-Cal programs using a 1915(b) waiver and to incorporate expiring 1115 Waiver programs into Medi-Cal managed care. Among other things, DHCS' plan includes enhanced care management services for high-need Medi-Cal managed care beneficiaries, and "In-Lieu-of Services" (for example, housing transition assistance, recuperative care, and sobering centers) to address some clinical needs and social determinants of health that are not currently reimbursable under Medi-Cal.

Because DHCS' plans for changes to the Medi-Cal program are still in the development phase, and the potential impact of the CMS proposed rule changes is unclear, it is too early to predict how the program will ultimately look and whether CMS approval will be obtained, much less the fiscal impact on the Department. The Medi-Cal plan ultimately implemented could change DHS' fiscal forecast to a significant extent. Once the details are fully developed and CMS approval for implementation is received, the Department will update its forecast for FYs 2020-21 and 2021-22.

Fund Balance

Attachments II-A and II-B provide additional detail on fund balance to clarify that large portions have been obligated to cover revenues that will not be received within the 12-month period required by County policy. In FY 2019-20, for example, the fund balance is \$1.1 billion, however \$870.2 million of that fund is obligated, leaving only \$243.3 million in available fund balance. Most of these obligated funds relate to the EPP program, key parts of which remain pending.

For FYs 2020-21 and 2021-22, DHS projects its available fund balance is negative. Since fund balance at the close of each fiscal year has to be zero or positive in order to close the books, we will work with the State to improve the timeliness of payments from EPP. We will also work with the CEO to develop solutions to this cash flow problem.

Waiver Revenues

Two of the major Waiver funding programs, the Global Payment Program (GPP), which is a combination of DSH and Safety Net Care Pool (SNCP) funds, and the Public Hospital Redesign and Incentives in Medi-Cal (PRIME) program expire at the end of June 2020. The Whole Person Care (WPC) program continues through the end of December 2020 when the 1115 Waiver expires.

As previously reported, DHCS believes that the SNCP program will not be renewed due to budget neutrality issues. Because of the key significance of GPP to public hospitals, DHCS is planning to advocate for the continuation of the GPP (without SNCP funding) under a renewed 1115 Waiver. Accordingly, in the forecast, the Department eliminated SNCP funding in FY 2020-21. Also, although GPP was set to expire June 30, 2020, CMS has tentatively agreed to extend the GPP's expiration date until December 31, 2020 to coincide with the expiration of the 1115 Waiver.

With regard to DSH, under the Affordable Care Act, reductions in DSH allotments were slated to begin in 2014. Since then, Congress has approved multiple delays so no actual reductions in DSH funding have occurred. DSH reductions were scheduled to begin on October 1, 2019, however, Congress approved a delay in the reductions to November 22, 2019, and then a further delay to December 20, 2019. As part of Congress' budget resolution passed on December 17, 2019, DSH cuts have now been delayed until May 23, 2020. Since it is unclear whether or not an additional delay beyond May 23, 2020 will occur, the Department believes it is fiscally prudent to include a \$116.1 million reduction in DSH funding in its FY 2019-20 forecast. We expect the DSH cuts to be delayed for FYs 2020-21 and 2021-22 and, therefore, have included full DSH funding in the forecast for those years.

With regard to PRIME, DHCS is considering incorporating PRIME into QIP under Medi-Cal Managed Care. They are also considering incorporating WPC services and funding into Medi-Cal Managed Care. Based on these expectations, the Department has included WPC funds beginning January 2021, and PRIME funds beginning FY 2020-21, in the Medi-Cal Managed Care and QIP estimates, respectively.

Medicaid Managed Care

The EPP and QIP are two revenue replacement programs designed in collaboration with DHCS. The EPP establishes a pool to supplement the base rates received by public hospitals through their managed care contracts. CMS approved the EPP pool amount for FY 2017-18, but certain components of the program are still pending CMS approval. The estimated value of EPP for FY 2017-18 is \$529.9 million.

The QIP program provides value-based payments based on clinically-established quality measures for Medi-Cal managed care enrollees. CMS approved the amount of QIP funding, approximately \$320.0 million net Statewide, for FY 2017-18. Based on our current information, the estimated value of QIP for FY 2017-18 is \$125.6 million.

Lastly, our review work continues jointly with L.A. Care regarding the utilization rates of DHS-assigned members compared to members assigned to the L.A. Care health plan. In general, the data reflects that the inpatient utilization rates and the average lengths of stay for DHS-assigned members are higher than L.A. Care plan members for all categories of aid. This data demonstrates that our patients are more complicated and as a result require higher levels of care than non-DHS assigned patients. L.A. Care has agreed to adjust rates for FYs 2018-19 and 2019-20 to take this into account. We have started a similar process with Health Net and expect to request appropriate adjustments during our negotiations.

Graduate Medical Education (GME)

The GME proposal would provide additional payments for public hospitals for Medi-Cal Managed Care beneficiaries. The proposed payments would cover Medi-Cal's share of the salaries and benefits of interns and residents receiving training at public hospitals, as well as certain indirect costs associated with their training. CMS Region 9 has reviewed the proposal and forwarded it to CMS' national headquarters in Baltimore, MD for approval. Based on our current information, we expect CMS' approval and have included an estimated net revenue of \$63.0 million annually in the forecast.

Summary of Fiscal Revenue Assumptions

The Fiscal Outlook is based on the following assumptions:

1. SNCP funding ends June 30, 2020.
2. PRIME is scheduled to end June 30, 2020, but there continues to be a reasonable possibility that PRIME may be incorporated into Medi-Cal Managed Care under the QIP program.
3. WPC funding is scheduled to end December 31, 2020, but there continues to be a reasonable possibility that WPC may be incorporated into Medi-Cal Managed Care.
4. GPP will be continued under a renewed Waiver. In FY 2019-20, DSH funds will be reduced by \$116.1 million; in FYs 2020-21 and 2021-22, the DSH delays will be reinstated.

5. The estimated value of EPP for FY 2017-18 is \$529.9 million.
6. The estimated value of QIP for FY 2017-18 is \$125.6 million.
7. GME will be approved by CMS in FY 2019-20. The annual estimated net value is \$63.0 million.

Departmental Expenditures

The Department continues to emphasize efforts to ensure fiscal stewardship of its resources and has multiple efforts underway to achieve cost efficiencies. We believe the implementation of a cost accounting system will assist in analyzing DHS' current cost structure, performing detailed cost analyses, and tracking budget compliance. This in turn will assist us to develop workable strategies for achieving cost containment and efficiencies in the system. The process is moving forward and a Request for Proposals for a cost accounting system was issued on September 9, 2019.

The Department is not waiting for the implementation of the cost accounting system to begin doing our analyses. One example is that we have completed some preliminary analyses of the major components of the cost structure of DHS' hospital-based clinics and ambulatory care clinics to gain a better understanding of the differences that exist among our individual DHS facilities. We have also been analyzing our cost structure as it compares to other hospitals. The Department is also currently conducting a critical review of supply chain operations, radiology, laboratory services, and patient transfer processes, among other areas, to identify and achieve efficiency gains through standardization, increased productivity, or other actions.

The Department is also in the process of planning for implementation of a time and scheduling system that will simplify timecard processes and provide information related to productivity and appropriate staffing by area.

Attachment III provides a list of the major priority capital projects assorted into preventative maintenance, strategic priority/service enhancement, critical maintenance, and regulatory requirement categories. All of these projects are being reviewed and will be prioritized as necessary to align with budgetary realities. Attachment IV reflects the Department's debt service from FYs 2010-11 through 2023-24. FYs 2019-20 through 2022-23 include annual payments for established projects and estimates for new priority deferred maintenance and capital projects. These payments include the first full-year projected payment of \$138.8 million in FY 2022-23 for the Harbor-UCLA Medical Center Master Project.

In general, County policy recommends a maximum three percent ratio of debt service to appropriations. As Attachment IV shows, beginning in FY 2022-23, we project that the three percent benchmark will be exceeded. To address this issue, the Department will undertake a comprehensive review of all future planned capital projects to determine criticality, need,

and funding practicality. The Harbor project will be included in this review. We will report back to the Board regarding potential options for reducing the costs of the Harbor project, possible alternative scenarios to rebuilding Harbor, and identifying funding sources to support the replacement of Harbor as currently planned.

Conclusion

DHS has initiated various efforts to address the future projected shortfalls. Some of these efforts are geared toward improving revenues, e.g., specific efforts to increase revenues for managed care patients who use DHS emergency room and inpatient services but are not assigned to DHS, while others are focused on better forecasting and controlling expenditures.

We are also working collaboratively with the State of California to develop new or expanded revenue sources. We also continue to develop other internal initiatives designed to improve service delivery, strengthen core clinical services, and support our role as a safety net provider.

If you have any questions or need additional information, please let me know.

CRG:aw
DHS fiscal outlook revised Jan 13 2020
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Attachments (5)

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors

COUNTY OF LOS ANGELES - DEPARTMENT OF HEALTH SERVICES

FORECAST ***FISCAL YEARS 2019-20 TO 2021-22**

(\$ in Millions)

	Year 1		Year 2		Year 3
	A	B	C = A+B	D	E = C+D
	FY 2019-20 Forecast	Adjustments	FY 2020-21 Forecast	Adjustments	FY 2021-22 Forecast
(1) Expenses					
(2) Salaries & Employee Benefits	\$ 3,290.374	\$ 85.527	\$ 3,375.901	\$ 78.866	\$ 3,454.767
(3) Net Services & Supplies	2,623.162	(86.649)	2,536.513	44.760	2,581.273
(4) Other Charges - Debt Service	69.041	26.989	96.030	35.920	131.950
(5) Other Charges - Other	87.466	-	87.466	-	87.466
(6) Capital Assets	48.828	(20.917)	27.911	0.023	27.934
(7) Operating Transfers Out + Capital Projects	60.227	9.707	69.934	(6.303)	63.631
(8) Intrafund Transfer	(270.976)	(2.009)	(272.985)	0.234	(272.751)
(9) Total Expenses	\$ 5,908.122	\$ 12.648	\$ 5,920.770	\$ 153.500	\$ 6,074.270
(10) Revenues					
(11) Medi-Cal Inpatient	397.968	38.411	436.379	11.801	448.180
(12) Global Payment Program (GPP)	438.467	21.210	459.677	12.506	472.183
(13) Enhanced Payment Program (EPP)	592.818	7.162	599.980	15.667	615.647
(14) PRIME **	149.746	(149.746)	-	-	-
(15) Quality Incentive Program (QIP) **	112.263	152.799	265.062	3.137	268.199
(16) Managed Care ***	612.615	55.211	667.826	64.787	732.613
(17) Mental Health	58.983	(0.092)	58.891	-	58.891
(18) Whole Person Care (WPC) ***	170.472	(108.177)	62.295	(62.295)	-
(19) Medi-Cal Outpatient - E/R	111.283	2.425	113.708	3.034	116.742
(20) Medi-Cal CBRC	223.629	5.659	229.288	5.813	235.101
(21) Medi-Cal SB 1732	5.000	-	5.000	-	5.000
(22) Hospital Provider Fee	16.913	-	16.913	-	16.913
(23) Federal & State - Other	96.549	(17.278)	79.271	1.046	80.317
(24) OCD - Other	375.995	-	375.995	-	375.995
(25) Other	104.744	(7.733)	97.011	0.250	97.261
(26) Measure H	167.604	(15.950)	151.654	4.532	156.186
(27) Self-Pay	8.579	-	8.579	-	8.579
(28) ORCHID Incentive Payments	1.543	(1.543)	-	-	-
(29) Medi-Cal Managed Care GME	63.000	-	63.000	-	63.000
(30) Medicare	250.406	-	250.406	-	250.406
(31) Hospital Insurance Collection	116.319	-	116.319	-	116.319
(32) In-Home Supportive Services (IHSS)	153.677	1.460	155.137	-	155.137
(33) Total Revenues	\$ 4,228.573	\$ (16.182)	\$ 4,212.391	\$ 60.278	\$ 4,272.669
(34) Net Cost - Before PY	\$ 1,679.549	\$ 28.830	\$ 1,708.379	\$ 93.222	\$ 1,801.601
(35) AB 85 Redirection	(202.115)	202.115	-	-	-
(36) Prior-Year Surplus / (Deficit)	514.938	(514.938)	-	-	-
(37) Net Cost - After PY & AB 85 Redirection	\$ 1,366.726	\$ 341.653	\$ 1,708.379	\$ 93.222	\$ 1,801.601
(38) Operating Subsidies					
(39) Sales Tax & VLF	382.844	-	382.844	-	382.844
(40) County Contribution	701.964	(18.337)	683.627	14.907	698.534
(41) Measure B	211.367	-	211.367	-	211.367
(42) Tobacco Settlement	59.648	-	59.648	-	59.648
(43) Total Operating Subsidies	\$ 1,355.823	\$ (18.337)	\$ 1,337.486	\$ 14.907	\$ 1,352.393
(44) Surplus / (Deficit) = (43) - (37)	\$ (10.903)	\$ (359.990)	\$ (370.893)	\$ (78.315)	\$ (449.208)
(45) Total Current FY Fund Balance	\$ 1,113.509	\$ (370.893)	\$ 742.616	\$ (449.208)	\$ 293.408
(46) Less Obligated Funds	870.220	24.212	894.432	19.798	914.230
(47) Total Current FY Fund Balance Available	\$ 243.289	\$ (395.105)	\$ (151.816)	\$ (469.006)	\$ (620.822)

* The forecast is net of IGTs and other double-counts such as internal transfers, and includes Correctional Health and Office of Diversion and Re-Entry.

** For FY 2020-21 forward, PRIME is incorporated into QIP.

*** For FY 2020-21, 6 months of WPC and the annual amount going forward are included in Managed Care.

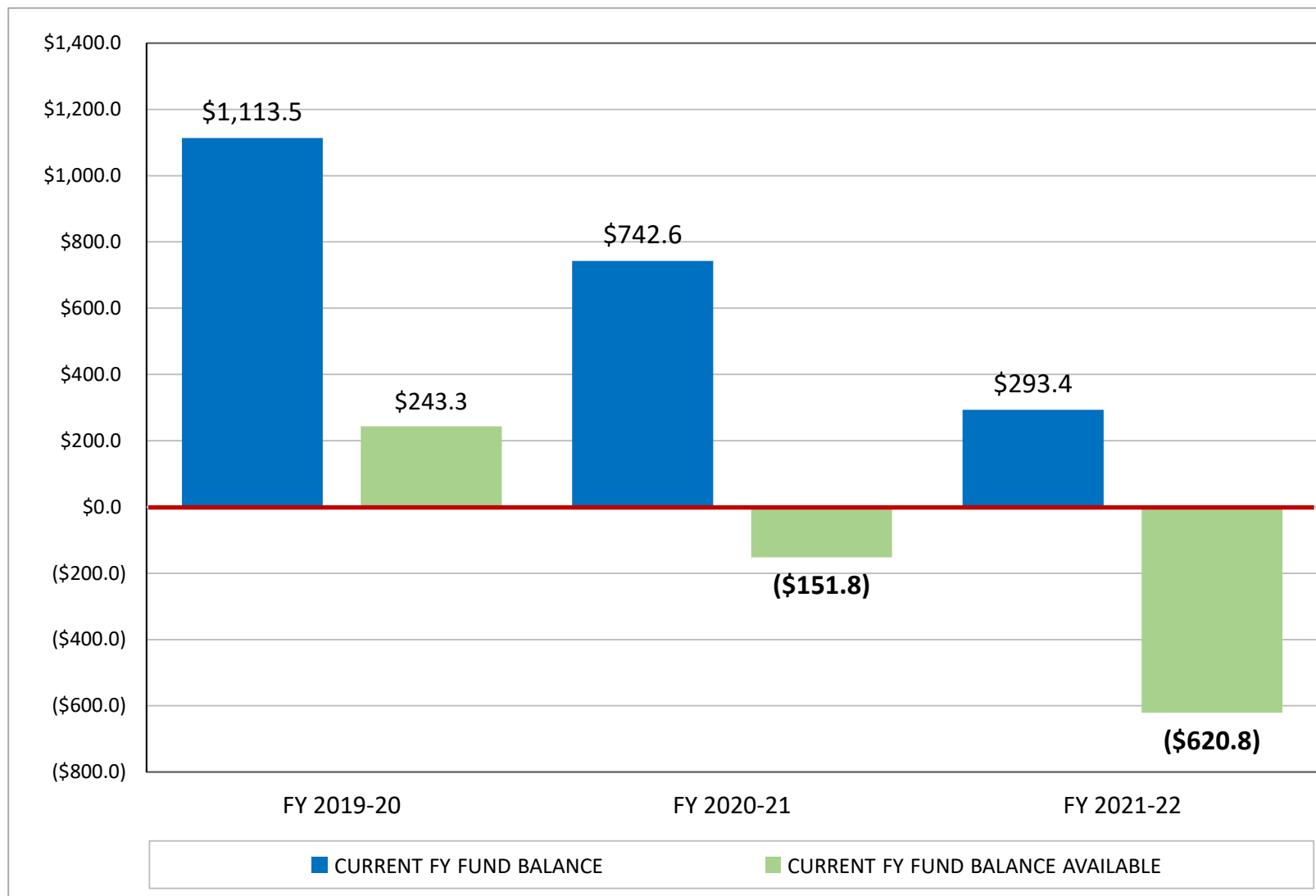
DHS FUND BALANCE

(\$ in Millions)

	FY 19-20	FY 20-21	FY 21-22
Prior FY Closing Fund Balance	\$1,124.4	\$1,113.5	\$742.6
Current FY Surplus / (Deficit)	<u>(\$10.9)</u>	<u>(\$370.9)</u>	<u>(\$449.2)</u>
TOTAL CURRENT FY FUND BALANCE	<u>\$1,113.5</u>	<u>\$742.6</u>	<u>\$293.4</u>
LESS OBLIGATED FUNDS			
— Prior FY Long-Term Receivable for EPP (General Fund)	\$227.9	\$242.8	\$245.7
— Current FY Long-Term Receivable for EPP (General Fund and Enterprise Fund)	\$592.8	\$600.0	\$615.6
— Prior FY Long-Term Receivable for CBRC (General Fund)	\$10.7	\$11.8	\$12.1
— Current FY Long-Term Receivable for CBRC (General Fund and Enterprise Fund)	\$38.8	\$39.8	\$40.8
TOTAL OBLIGATED FUNDS	<u>\$870.2</u>	<u>\$894.4</u>	<u>\$914.2</u>
TOTAL CURRENT FY FUND BALANCE AVAILABLE	<u>\$243.3</u>	<u>(\$151.8)</u>	<u>(\$620.8)</u>

DHS FUND BALANCE

(\$ in millions)



**COUNTY OF LOS ANGELES - DEPARTMENT OF HEALTH SERVICES
PRIORITY CAPITAL PROJECTS**

ATTACHMENT III

Project Description	Facility	Project Need	Initial Project Estimate	Variance	TPCE
Outpatient Building (OPD) Replace Chill Water Coils	LAC+USC MC	Preventative Maintenance	\$500,000	\$250,000	\$750,000
GH Replace Plumbing Systems to 5th Floor	LAC+USC MC	Preventative Maintenance	\$5,000,000	\$0	\$5,000,000
Rand Schrader Clinic Elevator Modernization Upgrade	LAC+USC MC	Preventative Maintenance	\$800,000	\$0	\$800,000
Fire suppression system (OPD)	LAC+USC MC	Preventative Maintenance	\$23,000,000	\$0	\$23,000,000
HVAC equipment (OPD)	LAC+USC MC	Preventative Maintenance	\$5,000,000	\$0	\$5,000,000
Domestic cold/hot water plumbing (OPD)	LAC+USC MC	Preventative Maintenance	\$1,500,000	\$0	\$1,500,000
Stand alone boiler (OPD)	LAC+USC MC	Preventative Maintenance	\$1,000,000	\$0	\$1,000,000
Stand alone chiller(OPD)	LAC+USC MC	Preventative Maintenance	\$1,000,000	\$0	\$1,000,000
Replace main exhaust fan and rooftop (OPD)	LAC+USC MC	Preventative Maintenance	\$500,000	\$0	\$500,000
Replace storm drains (OPD)	LAC+USC MC	Preventative Maintenance	\$1,000,000	\$0	\$1,000,000
Remodel public restrooms (OPD)	LAC+USC MC	Preventative Maintenance	\$1,000,000	\$0	\$1,000,000
TOTAL (LAC+USC MC)			\$40,300,000	\$250,000	\$40,550,000
Hospital HVAC and Humidifier Upgrade	OV-UCLA MC	Preventative Maintenance	\$23,000,000	\$0	\$23,000,000
Heat Exchanger (inside co-gen plant)	OV-UCLA MC	Preventative Maintenance	\$2,000,000	\$0	\$2,000,000
Elevator Maintenance	OV-UCLA MC	Preventative Maintenance	\$7,900,000	\$0	\$7,900,000
TOTAL (OV-UCLA MC)			\$32,900,000	\$0	\$32,900,000
Central Utility Plant Chiller Repair	RLA NRC	Preventative Maintenance	\$300,000	\$0	\$300,000
Central Utility Plant Line Leak Detector Installation	RLA NRC	Preventative Maintenance	\$89,000	\$0	\$89,000
Central Utility Plant Drift Eliminator Replacement	RLA NRC	Preventative Maintenance	\$151,000	\$0	\$151,000
JPI Patient Restroom Remodel	RLA NRC	Preventative Maintenance	\$730,000	\$0	\$730,000
TOTAL (RLA NRC)			\$1,270,000	\$0	\$1,270,000
Replace Fan Coil Units in SSB and NSB	MLK OC	Preventative Maintenance	\$1,200,000	\$0	\$1,200,000
Central Plant Switchgear Room HVAC Replacement	MLK OC	Preventative Maintenance	\$276,000	\$0	\$276,000
Replace Air Handlers & Related HVAC Equipment	MLK OC	Preventative Maintenance	\$637,000	\$0	\$637,000
Windows Repair/Replacement	Long Beach CHC	Preventative Maintenance	\$250,000	\$0	\$250,000
Resurface/Repair Parking Lot	El Monte CHC	Preventative Maintenance	\$167,000	\$0	\$167,000
Dental Refurbish Operatories	Hudson CHC	Preventative Maintenance	TBD	0	\$0
Climate Control Air Compressor	Hudson CHC	Preventative Maintenance	TBD	0	\$0
Resurface/Repair Parking lot	Hudson CHC	Preventative Maintenance	\$215,000	\$0	\$215,000
Dental Waiting Room Remodel	Humphrey CHC	Preventative Maintenance	TBD	0	\$0
Laboratory & Urgent Care Clinic Remodel	Humphrey CHC	Preventative Maintenance	TBD	0	\$0
Ceiling Tile Replacement	Roybal CHC	Preventative Maintenance	\$5,000,000	\$0	\$5,000,000
Flooring Replacement	Roybal CHC	Preventative Maintenance	\$800,000	\$0	\$800,000
Elevator Refurbishment	Roybal CHC	Preventative Maintenance	\$1,350,000	\$0	\$1,350,000
Elevator Refurbishment	Humphrey CHC	Preventative Maintenance	\$1,350,000	\$0	\$1,350,000
Building Electrical Repairs	Wilmington HC	Preventative Maintenance	\$157,000	\$0	\$157,000
Building Electrical Repairs	Long Beach CHC	Preventative Maintenance	\$553,000	\$0	\$553,000
Building Electrical Repairs	Bellflower HC	Preventative Maintenance	\$135,000	\$0	\$135,000
Building Plumbing Repairs	Bellflower HC	Preventative Maintenance	\$11,000	\$0	\$11,000
Mechanical, Electrical & Plumbing (MEP)	LA Puente HC & Library	Preventative Maintenance	\$256,000	\$0	\$256,000
Electrical Repairs	Humphrey CHC	Preventative Maintenance	\$52,000	\$0	\$52,000
Plumbing	Roybal CHC	Preventative Maintenance	\$471,000	\$0	\$471,000
Electrical	Roybal CHC	Preventative Maintenance	\$663,000	\$0	\$663,000
Interior Ceiling	Hudson CHC	Preventative Maintenance	\$36,000	\$0	\$36,000
TOTAL (ACN)			\$13,579,000	\$0	\$13,579,000
Fire Alarm Refurbishment	DHS-Admin	Preventative Maintenance	\$1,700,000	\$0	\$1,700,000
Air Handler Coil Replacement (313)	DHS-Admin	Preventative Maintenance	\$980,000	\$0	\$980,000
Air Handler Insulation/Lining Replacement (313)	DHS-Admin	Preventative Maintenance	\$850,000	\$0	\$850,000
TOTAL (DHS-ADMIN)			\$3,530,000	\$0	\$3,530,000
TOTAL - PREVENTATIVE MAINTENANCE			\$91,579,000	\$250,000	\$91,829,000

**COUNTY OF LOS ANGELES - DEPARTMENT OF HEALTH SERVICES
PRIORITY CAPITAL PROJECTS**

ATTACHMENT III

Project Description	Facility	Project Need	Initial Project Estimate	Variance	TPCE
Courtyard Refurbishment and Elevator Addition	LAC+USC MC	Strategic Priority/Service Enhancement	\$2,500,000	\$0	\$2,500,000
Child Care Center	LAC+USC MC	Strategic Priority/Service Enhancement	\$7,100,000	\$2,150,000	\$9,250,000
PET CT Replacement	LAC+USC MC	Strategic Priority/Service Enhancement	\$375,000	\$0	\$375,000
Recuperative Care	LAC+USC MC	Strategic Priority/Service Enhancement	\$17,661,000	\$6,540,884	\$24,201,884
Women's Clinic remodel 4P21 (OPD)	LAC+USC MC	Strategic Priority/Service Enhancement	\$6,000,000	\$0	\$6,000,000
Cardiac Cath Lab	LAC+USC MC	Strategic Priority/Service Enhancement	\$4,467,000	\$450,776	\$4,917,776
Women's and Children's Demo	LAC+USC MC	Strategic Priority/Service Enhancement	\$37,000,000	\$14,334,000	\$51,334,000
Primary Care Clinic (OPD)	LAC+USC MC	Strategic Priority/Service Enhancement	\$6,000,000	\$0	\$6,000,000
TOTAL (LAC+USC MC)			\$81,103,000	\$23,475,660	\$104,578,660
Cardiac Cath Lab	H-UCLA MC	Strategic Priority/Service Enhancement	\$2,400,000	\$1,029,207	\$3,429,207
IR Room (Angio Suite)	H-UCLA MC	Strategic Priority/Service Enhancement	\$1,200,000	\$0	\$1,200,000
Radiography Fluoroscopy	H-UCLA MC	Strategic Priority/Service Enhancement	\$810,000	\$312,000	\$1,122,000
Radiology Program Phase 2	H-UCLA MC	Strategic Priority/Service Enhancement	\$3,100,000	(\$1,077,000)	\$2,023,000
Master implementation Project	H-UCLA MC	Strategic Priority/Service Enhancement	\$2,241,000,000	\$0	\$2,241,000,000
Radiology Room modification 2	H-UCLA MC	Strategic Priority/Service Enhancement	\$851,000	\$797,000	\$1,648,000
Adult Psych ER Svcs Upgrade	H-UCLA MC	Strategic Priority/Service Enhancement	\$3,412,000	\$0	\$3,412,000
Site work Improvements	H-UCLA MC	Strategic Priority/Service Enhancement	\$2,201,691	\$0	\$2,201,691
TOTAL (H-UCLA MC)			\$2,254,974,691	\$1,061,207	\$2,256,035,898
Cardiac Cath Lab	OV-UCLA MC	Strategic Priority/Service Enhancement	\$1,709,000	\$220,582	\$1,929,582
Recuperative Care	OV-UCLA MC	Strategic Priority/Service Enhancement	\$8,361,000	\$12,175,675	\$20,536,675
Central Sterilizer Project	OV-UCLA MC	Strategic Priority/Service Enhancement	\$1,072,544	\$0	\$1,072,544
GI Procedure Room	OV-UCLA MC	Strategic Priority/Service Enhancement	\$3,650,000	\$9,850,000	\$13,500,000
TOTAL (OV-UCLA MC)			\$14,792,544	\$22,246,257	\$37,038,801
Recuperative Care	RLA NRC	Strategic Priority/Service Enhancement	\$13,495,000	\$6,659,000	\$20,154,000
RLANRC (SSA, Campus Infra, Demo)	RLA NRC	Strategic Priority/Service Enhancement	\$33,620,192	\$0	\$33,620,192
Install 68 Patient Lifts in the JPI Bldg	RLA NRC	Strategic Priority/Service Enhancement	\$885,000	\$0	\$885,000
TOTAL (RLA NRC)			\$48,000,192	\$6,659,000	\$54,659,192
Install CCTVs at Entryways	MLK OC	Strategic Priority/Service Enhancement	\$1,755,000	\$0	\$1,755,000
Urgent Care Remodel	Hudson CHC	Strategic Priority/Service Enhancement	\$2,000,000	\$0	\$2,000,000
Primary Care Clinic expansion	El Monte CHC	Strategic Priority/Service Enhancement	\$2,856,000	\$336,432	\$3,192,432
Urgent Care Center expansion	El Monte CHC	Strategic Priority/Service Enhancement	\$3,121,000	\$404,225	\$3,525,225
Clinic Expansion	Bellflower HC	Strategic Priority/Service Enhancement	TBD	0	\$0
Expand & relocate Pharmacy	Humphrey CHC	Strategic Priority/Service Enhancement	TBD	0	\$0
Remodel of Registration Windows	Long Beach CHC	Strategic Priority/Service Enhancement	\$500,000	\$0	\$500,000
Remodel: Family Medicine	Roybal CHC	Strategic Priority/Service Enhancement	\$2,591,000	\$0	\$2,591,000
Replace Registration Windows	Wilmington HC	Strategic Priority/Service Enhancement	\$500,000	\$0	\$500,000
Renovation and Community Center	Curtis Tucker HC	Strategic Priority/Service Enhancement	\$2,895,600	\$520	\$2,896,120
MLK Behavioral Health Center	MLK OC	Strategic Priority/Service Enhancement	\$25,503,965	\$2,312,058	\$27,816,023
MLK Jr. MC Child and Family Wellbeing Center	MLK OC	Strategic Priority/Service Enhancement	\$2,734,800	\$3,181,200	\$5,916,000
MLK Central Plant	MLK OC	Strategic Priority/Service Enhancement	\$6,237,000	\$0	\$6,237,000
Interns & Residents Building 3rd & 6th Floor Remodel	MLK OC	Strategic Priority/Service Enhancement	\$5,758,000	(\$255,230)	\$5,502,770
TOTAL (ACN)			\$56,452,365	\$5,979,205	\$62,431,570
TOTAL - STRATEGIC PRIORITY/SERVICE ENHANCEMENT			\$2,455,322,792	\$59,421,329	\$2,514,744,121

**COUNTY OF LOS ANGELES - DEPARTMENT OF HEALTH SERVICES
PRIORITY CAPITAL PROJECTS**

ATTACHMENT III

Project Description	Facility	Project Need	Initial Project Estimate	Variance	TPCE
West Plant Summer Boiler + Steam Tunnel Replacement	LAC+USC MC	Critical Maintenance	\$1,105,000	\$0	\$1,105,000
IPT Kitchen Drain	LAC+USC MC	Critical Maintenance	\$965,754	\$0	\$965,754
Outpatient Building Fire Barrier Separation(OPD)	LAC+USC MC	Critical Maintenance	\$1,560,000	\$0	\$1,560,000
Outpatient Building Waste Line Replacement(OPD)	LAC+USC MC	Critical Maintenance	\$3,900,000	\$0	\$3,900,000
OPD Emergency Power Generator Upgrade & ATS Switch	LAC+USC MC	Critical Maintenance	\$750,000	\$0	\$750,000
Parking Structure 12 Refurbishment	LAC+USC MC	Critical Maintenance	\$2,191,500	\$377,500	\$2,569,000
GH Elevator Modernization Upgrade	LAC+USC MC	Critical Maintenance	\$2,775,000	\$0	\$2,775,000
Lot #9 Elevator Modernization Upgrade	LAC+USC MC	Critical Maintenance	\$2,000,000	\$0	\$2,000,000
Lot #9 General Maintenance	LAC+USC MC	Critical Maintenance	\$175,000	\$0	\$175,000
Seismic and Infrastructure Upgrades (OPD)	LAC+USC MC	Critical Maintenance	\$30,000,000	\$10,000,000	\$40,000,000
Steam line valves replacement(OPD)	LAC+USC MC	Critical Maintenance	\$500,000	\$0	\$500,000
Replace Chill water pumps (OPD)	LAC+USC MC	Critical Maintenance	\$150,000	\$0	\$150,000
Hot main shut off valves (OPD)	LAC+USC MC	Critical Maintenance	\$50,000	\$0	\$50,000
Sump pumps (OPD)	LAC+USC MC	Critical Maintenance	\$15,000	\$0	\$15,000
Epoxy coat Mechanical floor space (OPD)	LAC+USC MC	Critical Maintenance	\$300,000	\$0	\$300,000
Lighting replacement in basement mechanical room (OPD)	LAC+USC MC	Critical Maintenance	\$25,000	\$0	\$25,000
TOTAL (LAC+USC MC)			\$46,462,254	\$10,377,500	\$56,839,754
Repair and Upgrade current HVAC Systems serving Endoscopy + Cath Lab	H-UCLA HC	Critical Maintenance	\$350,000	\$0	\$350,000
Air Handler Upgrades in Basement and 7th Floor, Labor & Delivery Area	H-UCLA HC	Critical Maintenance	\$1,300,000	\$300,000	\$1,600,000
Repair and Upgrade current HVAC Systems serving the 3 each 2W IR Suites	H-UCLA HC	Critical Maintenance	\$150,000	\$0	\$150,000
Electric Switchgear Replacement/Routing of Utility Pipe into BLD-01765 Central Plant Bldg	H-UCLA HC	Critical Maintenance	\$6,114,000	\$5,486,000	\$11,600,000
Elevator Upgrade	H-UCLA HC	Critical Maintenance	\$9,100,000	\$0	\$9,100,000
TOTAL (H-UCLA MC)			\$17,014,000	\$5,786,000	\$22,800,000
Vacuum Pumps Replacement	OV-UCLA MC	Critical Maintenance	\$800,000	\$0	\$800,000
Olive View-UCLA MC Emergency Power Upgrade	OV-UCLA MC	Critical Maintenance	\$4,450,000	\$223,333	\$4,673,333
TOTAL (OV-UCLA MC)			\$5,250,000	\$223,333	\$5,473,333
Medical Air/Medical Vacuum System Replacement	RLA NRC	Critical Maintenance	\$1,800,000	\$0	\$1,800,000
TOTAL (RLA NRC)			\$1,800,000	\$0	\$1,800,000
HVAC Upgrades - Supplement	Roybal CHC	Critical Maintenance	\$13,000,000	\$1,500,000	\$14,500,000
HVAC and Roof Replacement	Mid-Valley CHC	Critical Maintenance	\$7,400,000	\$0	\$7,400,000
HVAC Replacement	Antelope Valley HC	Critical Maintenance	\$2,800,000	\$0	\$2,800,000
HVAC & Ceiling Replacement	Long Beach CHC	Critical Maintenance	\$3,700,000	\$0	\$3,700,000
MLK BHC Roof Replacement	MLK OC	Critical Maintenance	\$4,831,000	\$0	\$4,831,000
MLK Clinical Lab and Red-bag Storage	MLK OC	Critical Maintenance	\$10,845,024	\$0	\$10,845,024
Main Point of Entry	MLK OC	Critical Maintenance	\$4,710,000	\$0	\$4,710,000
I & R Bldg Electrical Critical Maintenance Deficiencies	MLK OC	Critical Maintenance	\$13,000	\$0	\$13,000
HSB Critical Maintenance Deficiencies	MLK OC	Critical Maintenance	\$7,000	\$0	\$7,000
Building HVAC Repairs	Bellflower HC	Critical Maintenance	\$10,000	\$0	\$10,000
Hawkins Transformers Replacement	MLK OC	Critical Maintenance	\$899,000	\$1,000	\$900,000
Hawkins Nurse Call System	MLK OC	Critical Maintenance	\$962,000	\$24,412	\$986,412
HVAC Distribution Systems	Hudson CHC	Critical Maintenance	\$17,000	\$0	\$17,000
Electrical	Hudson CHC	Critical Maintenance	\$19,000	\$0	\$19,000
TOTAL (ACN)			\$49,213,024	\$1,525,412	\$50,738,436
313 Emergency Generator	DHS-Admin	Critical Maintenance	\$550,000	\$0	\$550,000
Seismic Upgrades HSA	DHS-Admin	Critical Maintenance	\$40,000,000	\$0	\$40,000,000
TOTAL (DHS-ADMIN)			\$40,550,000	\$0	\$40,550,000
TOTAL - CRITICAL MAINTENANCE			\$160,289,278	\$17,912,245	\$178,201,523

**COUNTY OF LOS ANGELES - DEPARTMENT OF HEALTH SERVICES
PRIORITY CAPITAL PROJECTS**

ATTACHMENT III

Project Description	Facility	Project Need	Initial Project Estimate	Variance	TPCE
USP 800 Pharmacy Upgrades	LAC+USC MC	Regulatory Requirement	\$1,666,000	\$0	\$1,666,000
TOTAL (LAC+USC MC)			\$1,666,000	\$0	\$1,666,000
Inpatient Pharmacy Expansion	H-UCLA MC	Regulatory Requirement	\$1,800,000	\$0	\$1,800,000
USP 800 Pharmacy Upgrades	H-UCLA MC	Regulatory Requirement	\$1,669,000	\$0	\$1,669,000
TOTAL (H-UCLA MC)			\$3,469,000	\$0	\$3,469,000
Fire Alarm/Nurse Call	OV-UCLA MC	Regulatory Requirement	\$22,000,000	\$25,815,000	\$47,815,000
SB 1953 Seismic Upgrades	OV-UCLA MC	Regulatory Requirement	\$9,712,000	\$485,600	\$10,197,600
USP 800 Pharmacy Upgrades	OV-UCLA MC	Regulatory Requirement	\$3,568,000	\$0	\$3,568,000
TOTAL (OV-UCLA MC)			\$35,280,000	\$26,300,600	\$61,580,600
Restroom Remodel: Public Restrooms-Main Lobby (4)	Hudson CHC	Regulatory Requirement	\$575,000	\$0	\$575,000
Restroom Remodel: Lobby Restrooms	Bellflower HC	Regulatory Requirement	\$262,000	\$0	\$262,000
Restroom Remodel: Public Restrooms	Roybal CHC	Regulatory Requirement	\$703,000	\$0	\$703,000
USP 800 Pharmacy Upgrades	MLK OC	Regulatory Requirement	\$511,000	\$0	\$511,000
TOTAL (ACN)			\$2,051,000	\$0	\$2,051,000
TOTAL - REGULATORY REQUIREMENT			\$42,466,000	\$26,300,600	\$68,766,600
GRAND TOTAL - DHS PRIORITY CAPITAL PROJECTS			\$2,749,657,070	\$103,884,174	\$2,853,541,244

DEBT SERVICE

Attachment IV

FISCAL YEARS 2010-11 THROUGH 2023-24

(\$ In Millions)

